

CLEVELAND PUBLIC LIBRARY
BUSINESS AND COM.
CORPORATION FILE

McCRORY STORES CORPORATION

Annual Report

1948

Directors

| | | |
|-------------------|---------------------|-------------------|
| RANDOLPH CATLIN | | R. F. COPPEDGE |
| A. J. FINK | FRANK J. HUMPHREY | N. BAXTER JACKSON |
| ROBERT W. JAMESON | HARRY O. LATHAM | WILLIAM L. LESS |
| F. W. PAUL | LEONARD SPANGENBERG | EUGENE W. STETSON |

Executive Committee

ROBERT W. JAMESON, *Chairman*

| | | |
|-------------------|------------|---------------------|
| R. F. COPPEDGE | A. J. FINK | FRANK J. HUMPHREY |
| EUGENE W. STETSON | | LEONARD SPANGENBERG |

Officers

R. F. COPPEDGE *Chairman of the Board of Directors*

| | |
|----------------|---|
| F. W. PAUL | <i>President</i> |
| G. C. CHAMBERS | <i>Vice President</i> |
| R. A. VROOM | <i>Vice President</i> |
| M. O. HILL | <i>Vice President</i> |
| T. C. LAWRENCE | <i>Financial Vice Pres. & Secretary-Treasurer</i> |
| H. H. BOSCH | <i>Comptroller</i> |

| | |
|-----------------|--|
| General Counsel | Sullivan & Cromwell, New York, N. Y. |
| Auditors | S. D. Leidesdorf & Co., New York, N. Y. |
| Transfer Agent | Guaranty Trust Company of New York |
| Registrar | |
| Common Stock | Bankers Trust Company, New York, N. Y. |
| Preferred Stock | Chemical Bank & Trust Company, New York, N. Y. |
| General Office | 1107 Broadway, New York, N. Y. |

**DIRECTORS
AND
OFFICERS**

February 14, 1949

TO THE STOCKHOLDERS:

There is presented herewith, on behalf of the Board of Directors, the Financial Statements of McCrory Stores Corporation for the Year 1948, together with the report of S. D. Leidesdorf & Co., Certified Public Accountants.

Sales for the Year 1948 amounted to \$97,588,160. and exceeded 1947 by \$6,362,462. or 7%. In 1948 not all stores continued to show the upward trend in sales volume that has prevailed for the past few years. In most locations additional sales volume was secured only after physical expansion of store selling space. A comparative statement of sales and the number of stores in operation for the past ten years is shown on Page 6 of this Report.

Net income for the Year 1948 amounted to \$5,488,740. as compared with \$6,302,812. for the Year 1947. After providing for Preferred Dividends, the net income was equal to \$4.63 per share of Common Stock outstanding as compared with \$5.34 per share for 1947.

During 1948 the Corporation distributed to its Common Stock shareholders a greater portion of its earnings than in any previous year. The Board of Directors, at the year-end, increased the regular quarterly dividend on the Common Stock from 35c to 50c and declared an extra dividend of 50c which brought the total dividend payments for the Year 1948 to \$2.80 per share. The balance of the year's earnings, together with an amount equal to the annual depreciation taken by the Corporation, was invested in new stores and enlargement of old stores. These substantial expenditures for store development should contribute toward maintaining earnings in the years to come.

Further progress was made on the expansion and modernization program which the Corporation has had under way since the latter part of 1946. During the year, approximately \$4,000,000. was expended

**McCRORY
STORES
CORPORATION**

on this construction program. Six new store units were opened in the following cities:

SYRACUSE, N. Y.
AIKEN, S. C.
PALESTINE, TEXAS

TAYLOR, TEXAS
WICHITA FALLS, TEXAS
FRONT ROYAL, VIRGINIA

The new stores at Aiken, S. C. and Wichita Falls, Texas replaced former locations that did not afford room for expansion. In addition, major alterations adding to available store selling area were completed at the following ten stores:

MIAMI, FLA.
TALLAHASSEE, FLA.
CRISFIELD, MD.
ST. LOUIS, MO.
NEWARK, N. J.

ORANGE, N. J.
BARNESBORO, PA.
BRISTOL, PA.
PHILADELPHIA, PA.
PITTSBURGH, PA.


At the year-end, the Corporation deemed it advisable not to renew its present store lease at Jamaica, N. Y.

At the present time, the planned capital expenditures during 1949 will amount to approximately \$3,500,000. and will include the completion of three new stores at Kingsport, Tenn.; Lafayette, La.; and Eldorado, Ark., and the modernizing of ten store locations, which will practically complete our modernization program. In the future greater emphasis can be given to expansion by means of new store units.

The figures, graphs and pictures in the following pages illustrate the progress of the Corporation for the past ten years, which we believe will be of interest to you.

The Board of Directors wish to acknowledge that the success of the Corporation during the past year is due in great measure to the fine cooperation and genuine support of the entire McCrory organization.

BY ORDER OF THE BOARD OF DIRECTORS



R. F. COPPEDGE, *Chairman*

**REPORT
TO
STOCKHOLDERS**

Ten Year Comparison

SALES AND PROFITS

| | Number of Stores | Net Sales | Income before Federal Taxes | Income after Federal Income Taxes | Per Share of Common Stock | | |
|------|------------------------|--------------|-----------------------------------|--|---------------------------|---------------|-----------|
| | | | | | Income Taxes | Net Income | Dividends |
| 1948 | 202 | \$97,588,160 | \$ 8,688,740 | \$5,488,740 | 2.81 | 4.63 | 2.80 |
| 1947 | 199 | 91,225,698 | 10,052,812 | 6,302,812 | 3.29 | 5.34 | 2.65 |
| 1946 | 199 | 84,509,508 | 10,537,776 | 6,537,776 | 3.51 | 5.55 | 2.00 |
| 1945 | 199 | 71,282,195 | 8,282,254 | 2,372,254 | 5.70 | 2.00 | 1.00 |
| 1944 | 203 | 71,324,436 | 8,182,804 | 2,182,804 | 6.06 | 1.90 | 1.00 |
| 1943 | 201 | 67,351,104 | 6,363,542 | 2,288,542 | 4.11 | 2.01 | 1.00 |
| 1942 | 202 | 62,613,293 | 6,184,753 | 2,184,753 | 4.04 | 1.90 | 1.00 |
| 1941 | 202 | 53,013,016 | 4,399,094 | 2,522,594 | 1.90 | 2.24 | 1.25 |
| 1940 | 199 | 46,207,993 | 2,911,199 | 2,332,511 | .59 | 2.05 | 1.00 |
| 1939 | 200 | 43,193,608 | 2,590,201 | 2,231,012 | .36 | 1.95 | 1.25 |

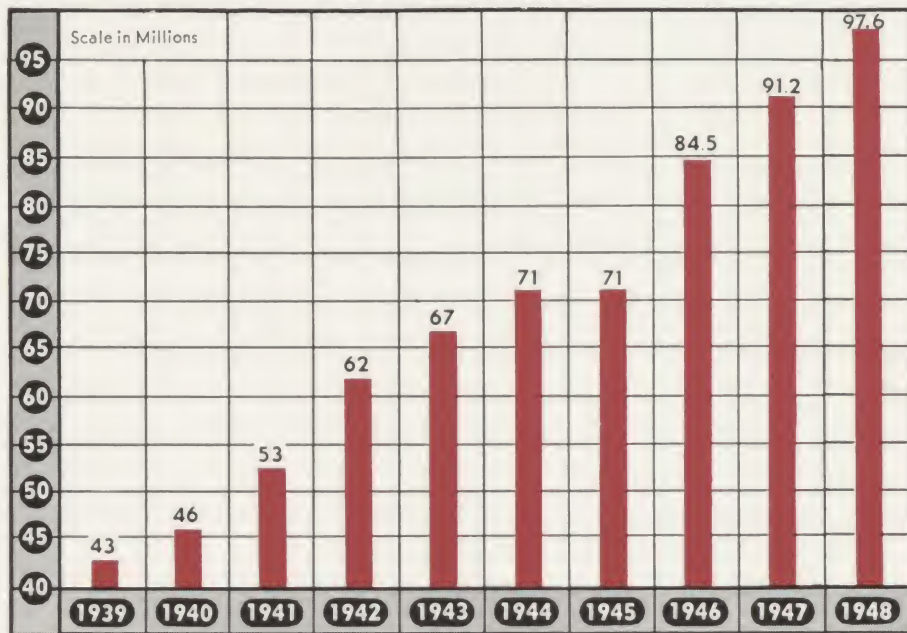
BALANCE SHEET INFORMATION

| | CURRENT Assets | CURRENT Liabilities | Net Working Capital | Net Fixed Assets | Per Share of Common Stock | |
|------|-------------------|------------------------|---------------------------|------------------------|------------------------------|--------------|
| | | | | | Working Capital | Net Worth |
| 1948 | \$23,687,945 | \$6,782,548 | \$16,905,397 | \$14,983,021 | 14.83 | 23.71 |
| 1947 | 27,100,690 | 9,098,099 | 18,002,591 | 11,809,483 | 15.79 | 21.88 |
| 1946 | 24,004,068 | 6,810,585 | 17,193,483 | 10,744,300 | 15.08 | 20.16 |
| 1945 | 19,516,530 | 7,516,974 | 11,999,556 | 10,285,770 | 11.57 | 16.48 |
| 1944 | 19,403,172 | 8,012,208 | 11,390,964 | 10,849,283 | 11.50 | 15.06 |
| 1943 | 18,543,282 | 7,858,453 | 10,684,829 | 11,293,066 | 10.79 | 14.15 |
| 1942 | 18,475,795 | 8,713,568 | 9,762,227 | 11,915,988 | 9.86 | 13.15 |
| 1941 | 14,521,890 | 5,919,016 | 8,602,874 | 12,101,263 | 8.69 | 12.05 |
| 1940 | 11,115,409 | 3,361,337 | 7,754,072 | 11,980,207 | 7.83 | 11.05 |
| 1939 | 10,727,349 | 3,515,832 | 7,211,517 | 11,473,185 | 7.28 | 10.91 |

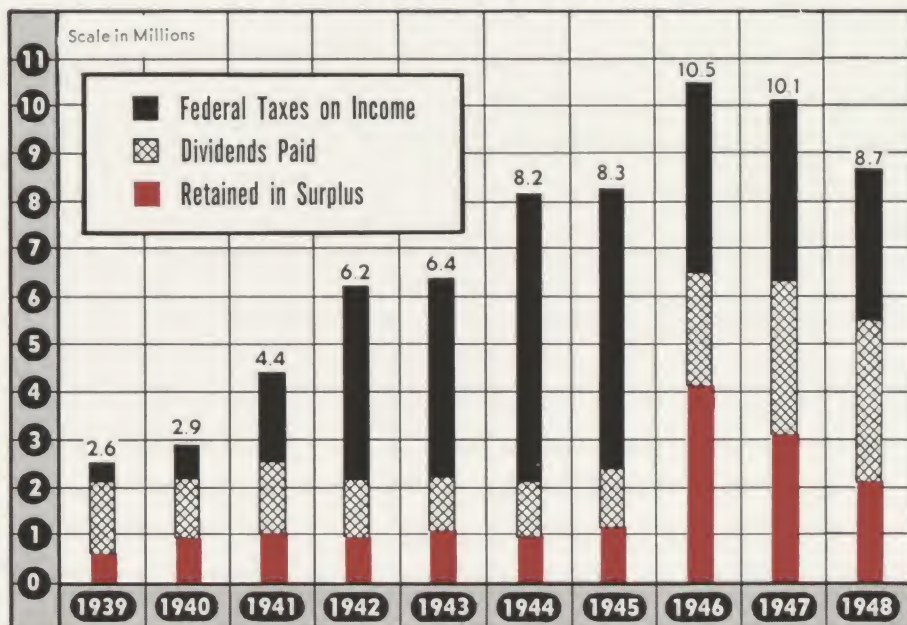
**McCRORY
STORES
CORPORATION**

Graphic Picture of Sales & Profits

ANNUAL SALES



DISPOSITION OF INCOME



**SALES
AND
PROFITS**

**TO THE BOARD OF DIRECTORS
McCRORY STORES CORPORATION
NEW YORK, N. Y.**

We have examined the balance sheet of McCrory Stores Corporation (Delaware Corporation) as at December 31, 1948 and the related statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our examination of the merchandise inventories included a general review of the inventory records, tests to determine the mathematical accuracy of the inventory schedules and physical tests of the quantities included in the warehouse inventories. We reviewed the method of store inventory taking as outlined in the inventory instructions issued by the management, and had our representatives present at certain stores, selected by us, for the purpose of satisfying ourselves that the inventory instructions were carried out effectively. At such stores, tests were made of quantities and retail prices which were checked to the merchandising records used as a basis for the retail method of inventory valuation.

In our opinion, the accompanying balance sheet and statement of income and earned surplus, together with the notes to financial statements, present fairly the financial position of McCrory Stores Corporation (Delaware Corporation) at December 31, 1948 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. LEIDESDORF & CO.

Certified Public Accountants

New York, N. Y. February 14, 1949.

**ACCOUNTANTS'
REPORT**

Statement of Income and Earned Surplus

For the Year Ended December 31, 1948

| | |
|---|-------------------------------|
| SALES (merchandise, restaurant and concession) | \$97,588,160.00 |
| Cost of goods sold and operating expenses including occupancy and general and administrative expenses . . . | 88,226,555.17 |
| | <u>9,361,604.83</u> |
| Miscellaneous income, less other deductions | 73,530.72 |
| Income before depreciation, amortization and Federal income taxes | 9,435,135.55 |
| Depreciation and amortization | <u>746,395.05</u> |
| Income before Federal income taxes | 8,688,740.50 |
| Provision for Federal income taxes | <u>3,200,000.00</u> |
| NET INCOME FOR THE YEAR | 5,488,740.50 |
| EARNED SURPLUS (since January 1, 1936): | |
| Balance—December 31, 1947 | 16,091,352.77 |
| | <u>21,580,093.27</u> |
| Dividends paid on: | |
| Common Stock—\$2.80 per share \$ 3,192,674.80 | |
| 3½% Cumulative Convertible | |
| Preferred Stock | 210,000.00 |
| | <u>3,402,674.80</u> |
| EARNED SURPLUS—Balance December 31, 1948—Note D | <u><u>\$18,177,418.47</u></u> |

The Notes to Financial Statements are an integral part of the above statement and should be read in conjunction therewith.

**McCRORY
STORES
CORPORATION**

McCrorry Stores

(Delaware Corporation)

BALANCE SHEET as of December 31, 1936

ASSETS

CURRENT ASSETS:

| | | |
|--|-----------------|----------------------|
| Cash on hand, in banks and in transit | | \$ 7,194,992.70 |
| U. S. Government obligations—at par | | 5,000,000.00 |
| Merchandise inventories at stores and warehouses—Note A | \$ 9,751,192.91 | |
| Merchandise in transit—at cost | 1,627,452.84 | 11,378,645.75 |
| Miscellaneous accounts receivable, less reserve | | 114,307.18 |
| Total Current Assets | | <u>23,687,945.63</u> |

FIXED ASSETS:

| | | |
|--|--------------|----------------------|
| Real estate, at adjusted value Dec. 31, 1936 and subsequent additions at cost | 6,105,935.53 | |
| Less: Reserve for depreciation | 1,477,236.04 | 4,628,699.49 |
| Furniture and fixtures, equipment and utensils, at adjusted value July 31, 1936 and subsequent additions at cost | 7,694,475.94 | |
| Less: Reserve for depreciation | 3,143,925.73 | 4,550,550.21 |
| Improvements to leased property, at ad- justed value Jan. 1, 1936 and sub- sequent additions at cost | 8,714,094.35 | |
| Less: Reserve for amortization | 2,910,322.77 | 5,803,771.58 |
| Total Fixed Assets | | <u>14,983,021.28</u> |

DEFERRED CHARGES:

| | |
|---|------------------------|
| Prepaid rents, insurance, taxes, store supplies, etc. | 1,142,282.78 |
| | <u>\$39,813,249.69</u> |

The Notes to Financial Statements are an integral part of the above statement and should be read in conjunction therewith.

NOTES TO FINANCIAL STATEMENTS

NOTE A—

Merchandise at Stores:

| | |
|---|-----------------------|
| Inventories at the lower of cost or market based upon the retail method of inventory valuation | \$8,987,390.64 |
| Inventories at cost—Restaurants | 85,636.35 |
| Merchandise at Warehouses—at cost | 678,165.92 |
| | <u>\$9,751,192.91</u> |

Cost of goods sold for the current year has been determined on the basis of inventories established as outlined above.

NOTE B—

The 3½% Cumulative Convertible Preferred Stock is redeemable at the option of the Corporation in whole or in part, at \$105.50 per share on or prior to January 1, 1950, and thereafter at successively reduced prices to January 1, 1952, after which date the redemption price will be \$104.00 per share, plus in each case accrued dividends to date of redemption, and in the event of voluntary liquidation, is entitled to receive an amount equal to the then redemption price, and in the event of involuntary liquidation, is entitled to \$100.00 per share and accrued dividends.

**MCCRORY
STORES
CORPORATION**

s Corporation

poration)

December 31, 1948

LIABILITIES

CURRENT LIABILITIES:

| | | |
|--|-----------------|---------------------|
| Accounts payable—including merchandise in transit | \$ 3,052,387.78 | |
| Accrued expenses, taxes, rents, salaries, officers' and employees' bonus, etc. | | 3,464,872.09 |
| Reserve for Federal taxes on income— | | |
| Note F | \$3,265,288.60 | |
| Less: U. S. Treasury Notes | 3,000,000.00 | 265,288.60 |
| Total Current Liabilities | | <u>6,782,548.47</u> |

CAPITAL STOCK AND SURPLUS:

| | | |
|--|------------------|------------------------|
| Preferred Stock—Cumulative Convertible Par Value \$100.00 Per Share: | | |
| Authorized | 80,000 shares | |
| Issued and outstanding 60,000 shares which have been designated as 3½% Series — Note B | 6,000,000.00 | |
| Common Stock—Par Value \$1.00 Per Share—Note C | | |
| Authorized | 1,400,000 shares | |
| Issued and outstanding 1,140,241 shares | 1,140,241.00 | |
| Capital Surplus | | |
| (no change during year)—Note D | 7,713,041.75 | |
| Earned Surplus (since January 1, 1936) | | |
| —Note D | 18,177,418.47 | 33,030,701.22 |
| | | <u>\$39,813,249.69</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE C—

Of the total of 1,400,000 shares of Common Stock authorized, 150,000 shares are reserved for issuance upon conversion of the 3½% Cumulative Convertible Preferred Stock.

NOTE D—

Pursuant to certain restrictions in connection with the authorization of 3½% Cumulative Convertible Preferred Stock, Capital and Earned Surplus as at December 31, 1948 in the approximate amount of \$15,700,000 is not available for dividends on the Common Stock.

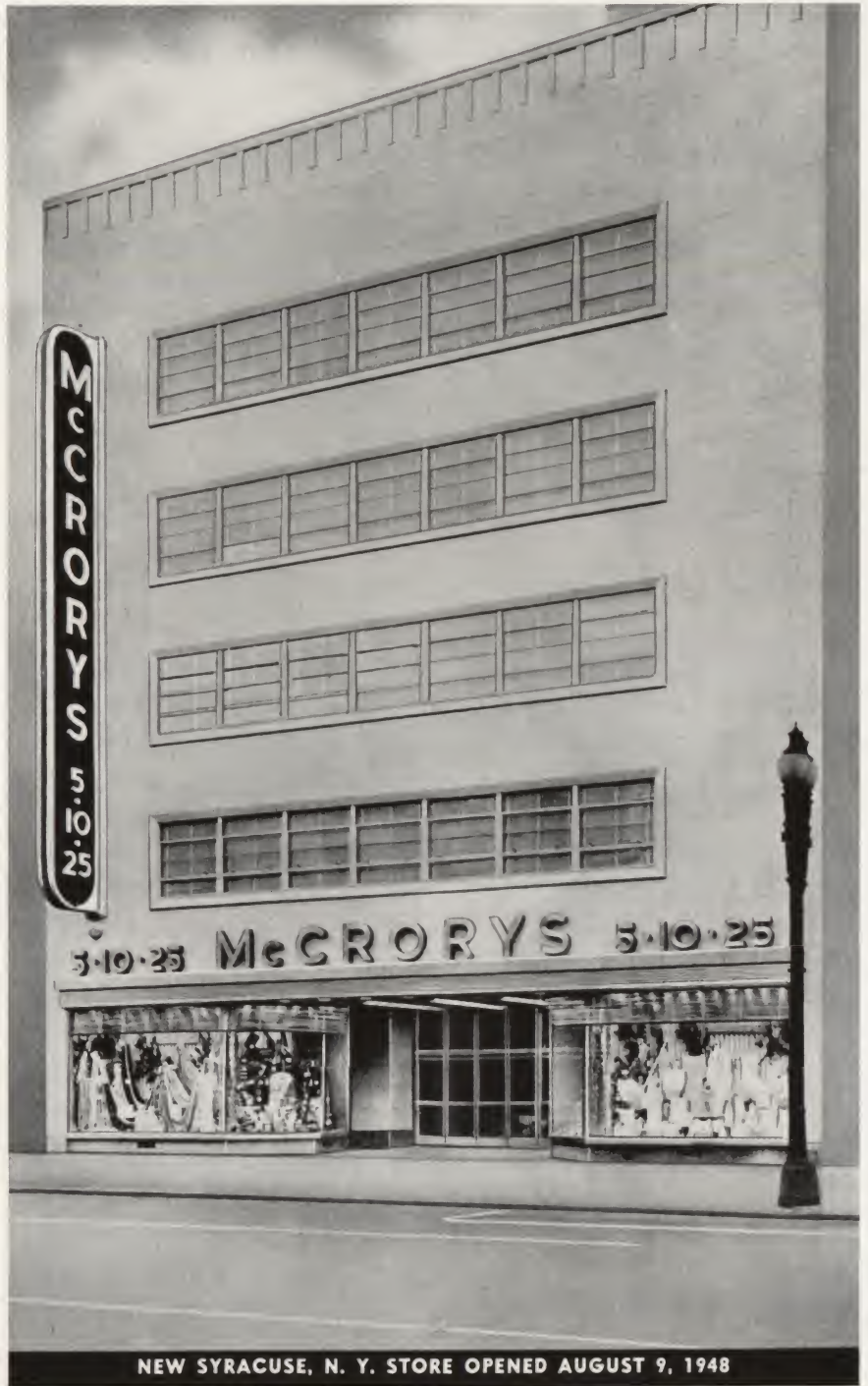
NOTE E—

During the year 1947, the Corporation liquidated all prior service costs of the Employees' Retirement Plan. In computing the 1948 provision for Federal income taxes a deduction was taken, in accordance with the present tax law, of approximately \$250,000, representing the prior service cost applicable to the year 1948.

NOTE F—

The accompanying financial statements are subject to final determination of Federal taxes on income.

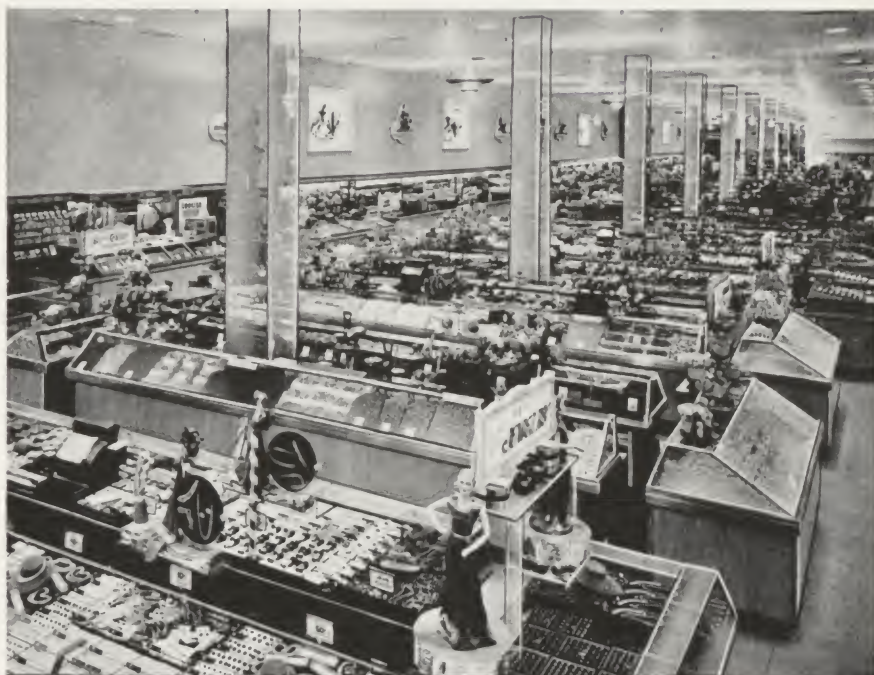
1948
BALANCE
SHEET



NEW SYRACUSE, N. Y. STORE OPENED AUGUST 9, 1948



**McCRORY
STORES
CORPORATION**



MAIN FLOOR DESIGNED FOR ATTRACTIVE COUNTER DISPLAY




WIDE AISLES AND MODERN LIGHTING FOR CUSTOMER COMFORT



**SYRACUSE
N. Y.
STORE**



ENLARGED AND REMODELED NEWARK, N. J. STORE COMPLETED FEB. 1948



**McCRORY
STORES
CORPORATION**



INTERIOR VIEW OF MODERNIZED STREET FLOOR AND BASEMENT



FRESHLY BAKED FROM OUR NEWLY INSTALLED ULTRA MODERN OVENS



**NEWARK
N. J.
STORE**



**McCRORY
STORE
EXTERIORS**



REMODELED AND ENLARGED BRISTOL, PA. STORE



NEW PALESTINE, TEXAS STORE OPENED NOV. 13, 1948



WICHITA FALLS, TEXAS STORE AT NEW LOCATION ON MARCH 13, 1948

McCRORY
STORE
INTERIORS

Alabama (2)

Eufaula
Mobile

Arkansas (3)

Fort Smith
Jonesboro
†Eldorado

Connecticut (1)

Danbury

Delaware (1)

Dover

Dist. of Col. (1)

Washington

Florida (37)

Arcadia
Bartow
Bradenton
Clearwater
Daytona Beach
128 S. Beach St.
814 Main St.
Deland
Fort Lauderdale
Fort Myers
Fort Pierce
Gainesville
Homestead
Jacksonville
Kissimmee
Lake City
Lakeland
Leesburg
Live Oak
Melbourne
Miami
Miami Beach
New Smyrna
Ocala
Orlando
Palatka
Panama City
Plant City
Punta Gorda
Quincy
Sanford
Sarasota

St. Augustine
St. Petersburg

Tallahassee

Wauchula
West Palm Beach
Winter Haven

Georgia (7)

Atlanta
Bainbridge
Columbus
Cordele
Savannah
Tifton
Valdosta

Indiana (3)

Anderson
Indianapolis
Terre Haute

Kentucky (1)

Louisville

Louisiana (4)

New Orleans
1626 Dryades St.
1005 Canal St.
Shreveport
†Lafayette

Maryland (8)

Baltimore
Cambridge
Crisfield
Cumberland
Easton
Frederick
Hagerstown
Salisbury

Massachusetts (2)

New Bedford
1115 Acushnet Ave.
1009 S. Water St.

Mississippi (2)

Jackson
McComb

Missouri (1)

St. Louis

New Jersey (10)

Asbury Park
Atlantic City
Burlington
Camden
Jersey City
Newark
Orange
Passaic
Perth Amboy
Rahway

New York (7)

Brooklyn
Johnson City
New York City
Long Island City
Niagara Falls
Syracuse
Rego Park

North Carolina (4)

Dunn
Fayetteville
Roanoke Rapids
Tarboro

Ohio (9)

Canton
Cleveland
Dayton
East Liverpool
Hamilton
Kent
Springfield
Steubenville
Youngstown

Pennsylvania (58)

Allentown
Altoona
Barnesboro
Bethlehem
Bradford
Bristol
Brookville
Canonsburg
Carlisle
Carnegie
Chambersburg
Charleroi
Chester
Clearfield
Connellsville
Cresson
Donora
DuBois
Ebensburg
Emporium
Franklin
Greensburg
Hanover
Homestead
Huntingdon
Indiana
Johnstown
Kane
Lancaster
Lebanon
Lewistown
Monongahela
Mt. Pleasant
New Brighton
Patton
Philadelphia
1205 Market St.
919 Market St.
38 S. 52nd St.
Philipsburg
Pittsburgh
105 E. Ohio St.
314 Fifth Avenue
Portage
Pottstown
Punxsutawney
Reading
Reynoldsville
Ridgway
Scottdale
Scranton

Pa. (cont.)

Somerset
South Fork
Tyrone
Vandergrift
Waynesboro
Waynesburg
Wilkes-Barre
Windber
York

South Carolina (8)

Aiken
Chester
Columbia
Gaffney
Georgetown
Greenwood
Newberry
Rock Hill

Tennessee (4)

Bristol
†Kingsport
Morristown
Oak Ridge

Texas (14)

Big Spring
Corpus Christi
Denton
Fort Worth
Galveston
Hillsboro
McAllen
Nacogdoches
Palestine
San Antonio
Taylor
Terrell
Waco
Wichita Falls

Virginia (7)

Cape Charles
Charlottesville
Front Royal
Harrisonburg
Pulaski
Staunton
Winchester

West Virginia (11)

Charleston
Clarksburg
Fairmont
Grafton
Huntington
Mannington
Martinsburg
Morgantown
New Martinsville
Parkersburg
Wheeling

202

McCRORY STORES
IN
23 STATES*

*And the District of Columbia

†Stores contemplated or under construction.

Stockrooms at New York, N. Y. and Huntingdon, Pa.



